

REMARKS

Claim 35-65 are in the application, of which claims 25, 40 and 48 are in independent form. Dependent claim 56-65 have been added to more completely claim applicants' invention.

Claims 35-39, 48-50, and 54-55 stand rejected under 35 U.S.C. § 102 as being anticipated by PCT publication WO 91/10976 of Sloan *et al.* (Sloan). Claims 40-47 and 51-53 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Sloan in view of U.S. Patent No. 5,915,007 of Klapka (Klapka). Applicants respectfully traverse and request reconsideration in light of the foregoing amendments and the following remarks.

A. Claims 35- 39 are not anticipated by Sloan

The Office action contends that under 35 U.S.C. § 102 Sloan anticipates the system claimed in independent claim 35 and claims 36-39, which depend from claim 35.

Claim 35, as amended, is as follows, with numerals identifying claims elements added for clarity:

35. (Twice Amended) A system for effecting electronic payment for goods or services comprising:

(1) a terminal located at a point-of-sale where monetary consideration is received from or on behalf of an end-user to pre-pay for selected goods or services; the terminal operable to exchange electronic messages with a financial network;

(2) a financial network operable to exchange electronic messages with the point-of-sale terminal;

(3) a payment processor including a database for storing a list of participating point-of-sale merchants and further including a database associating a plurality of intermediary account numbers with corresponding end-user account numbers; and

(4) the payment processor operable to exchange electronic messages with the point-of-sale terminal via the financial network and including means for crediting an indicia of monetary value to a corresponding intermediary account stored in a database coupled to the payment processor in response to receiving a payment message from the point-of-sale terminal, and further including interface means for communicating at least a recharge transaction to a vendor to credit the end-user account associated with the corresponding intermediary account in response to crediting the corresponding intermediary account.

Anticipation requires that each and every element as set forth in the claim is found in the prior art reference. See MPEP 2131. "The identical invention must be shown in as complete detail as is contained in the . . . claim." *Id.* For the reasons set

forth below Sloan does not teach every element of claim 35 as amended. Claims 36-39, which depend from claim 35, are likewise not anticipated by Sloan.

1. Sloan does not disclose a payment processor that corresponds to element (4) of claim 35.

Sloan does not disclose element (4) of the above claim. The intermediary account of Sloan, identified in the Office action as card dispensing station 200, is not “stored in a database coupled to the payment processor” as required by independent claim 35 and dependent claims 36-39. In addition Sloan does not disclose a payment processor “including interface means for communicating at least a recharge transaction to a vendor to credit the end-user account associated with the corresponding intermediary account in response to crediting the corresponding intermediary account”. In Sloan the value of purchased utilities is stored on a mag-stripe card. The customer must then physically transport the mag-stripe card to the customer premise in order to recharge their corresponding end-user account. Sloan’s accounting computer 100 plays no role in the recharging of the end user account, and can not communicate directly with the customer premises, which arguably corresponds to the end-user account of the present invention.

2. Sloan does not disclose a payment processor that corresponds to element (3) of claim 35.

Furthermore, the Office action failed to identify any portion of Sloan which discloses element (3) of claim 35. Even if the accounting computer of Sloan is interpreted as a payment processor in accordance with the present invention, Sloan still does not disclose element (3) of claim 35 because there is no indication in Sloan that the accounting computer includes a “a database for storing a list of participating point-of-sale merchants and further including a database associating a plurality of intermediary account numbers with corresponding end-user account numbers” as required by independent claim 35 and dependent claims 35-39.

B. Claim 40-47 were not obvious under 35 U.S.C. § 103 over Sloan in view of Klapka.

The Office action asserts that independent claim 40 and claims 41-47, which depend from claim 40, are unpatentable under 35 U.S.C. § 103 over Sloan in view of Klapka. The standard for obviousness is as follows:

“To establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.”

MPEP 706.02(j) Contents of a 35 U.S.C. 103 Rejection.

Claim 40 as amended reads as follows, with numerals identifying claims elements added for clarity:

40. (Twice Amended) A method for effecting payment for telephone services comprising:

- (1) establishing an intermediary account having a corresponding account identifier;
- (2) in a database coupled to a central payment processor, associating the intermediary account with an end-user's prepaid account maintained by a telecommunications vendor;
- (3) conducting a transaction comprising receiving a payment from the end-user at a point-of-sale together with the account identifier for loading value into the end-user's prepaid account;
- (4) electronically communicating data indicative of the transaction from the point-of-sale to the central payment processor;
- (5) in the central payment processor, validating the transaction data and transmitting a response to the point-of-sale; and
- (6) in the central payment processor, if the validating step results in approval of the transaction, sending a message to the telecommunications vendor for loading value into the end-user's associated prepaid account responsive to the payment transaction.

Claim 40 as amended is not obvious under 35 U.S.C. § 103(a) over Sloan in view of Klapka because the combination of Sloan and Klapka fails to disclose all the elements of independent claim 40 as required for a prima facie case of obviousness under 35 U.S.C. § 103. Claim 41-47 are likewise not rendered obvious over Sloan in view of Klapka.

1. Sloan and Klapka do not disclose element (6) of claim 40.

Sloan discloses a system using a stored value mag-stripe card to prepay for utilities. In Sloan a customer goes to a card dispensing machine and either inserts their mag-stripe card, or inputs their customer premise information. The card dispensing machine will then store a pre-paid value on the mag-stripe card in response to the

customer putting money into the card dispensing machine. The end user account is not however recharged by this transaction. In Sloan, the end-user pre-paid account, most likely the customer premise, is only recharged when the customer inserts the stored value card, arguably the intermediary account, into the customer display device at the customer site. *See* Sloan abstract. Sloan's accounting computer 100 arguably corresponds to the central payment processor of claims 40-47, but accounting computer 100 plays no role in the recharging of the end-user's associated prepaid account as required by claims 40-47.

In Klapka the end-user's pre-paid account is likewise not recharged by a payment transaction. In Klapka the end-user prepaid account is not recharged until the end user calls the vendor's customer service center and adds the purchased value associated with PIN#2 to the pre-paid account associated with PIN#1. *See* Klapka column 3, lines 36-49.

In the presently claimed invention, the only action necessary to add value to the end-user's prepaid account, once the payment transaction has been validated, is performed by the central payment processor, with no further effort necessary on the part of the end user.

2. Sloan and Klapka do not teach element (2) of claim 40.

Sloan does not teach the step of "in a database coupled to a central payment processor, associating the intermediary account with an end-user's prepaid account maintained by a telecommunications vendor", as required by claims 40-47. Sloan as discussed above does not have an "intermediary account" within the meaning of claim 40. Sloan also does not teach associating the intermediary account with an end-user's prepaid account as in element (2) of claim 40. Claims 40-47 require that the end-user's pre-paid account be maintained by a telecommunications vendor. Sloan only teaches a system in which the point-of-sale terminal is maintained by a merchant and does not teach or suggest an end-user prepaid account maintained by a vendor.

C. Sloan does not render claims 48-55 unpatentable

The Office action contends that under 35 U.S.C. § 102 Sloan anticipates the methods claimed in independent claim 48 and dependent claims 49, 50, 54, and 55. The

Office action also asserts under 35 U.S.C. § 103 that dependent claims 51-53 are obvious over Sloan in view of Klapka.

Claim 48 as amended reads as follows, with numerals identifying claims elements added for clarity:

48. (Twice Amended) A method for effecting payment for goods or services comprising:
- (1) providing a centralized payment processor;
 - (2) establishing an intermediary account in a database that is coupled to the payment processor, the intermediary account having a corresponding account identifier;
 - (3) conducting a payment transaction comprising receiving a payment together with the account identifier from the end-user at a point-of-sale;
 - (4) communicating data indicative of the payment transaction from the point-of-sale to the centralized payment processor via a financial network;
 - (5) in the payment processor, validating the payment transaction data and transmitting a response to the point-of-sale, said response including an indication of approval if the validating step results in approval of the transaction; and
 - (6) in the payment processor, if the validating step results in approval of the transaction, crediting an indicia of monetary value to the corresponding intermediary account in response to the payment transaction.

For the reasons set forth below Sloan does not teach every element of claim 48 as amended. Claims 49, 50, 54, and 55 which depend from claim 48 are likewise not anticipated by Sloan. For the same reasons as set out below claims 51-53 which depend from claim 48 were not obvious over Sloan in view of Klapka, because Sloan and Klapka do not teach or suggest all the limitations of claim 48.

1. Sloan does not teach establishing an intermediary account as required by element (2) of claim 48.

Sloan fails to teach element (2) of claim 48 as amended. The Office action identifies the "intermediary account" of Sloan as reference numeral 200. However, reference numeral 200 in Sloan is referring to an "encoding dispensing machine", or an "un-attended card dispensing station". See Sloan pg. 6, lines 3-4 and 26-27. Encoding dispensing machine 200 of Sloan is a physical structure, for dispensing and recharging pre-paid utility cards. Encoding dispensing machine 200 is not "an intermediary account in a database that is coupled to the payment processor" as required by independent claim 48 and dependent claims 49, 50, 54, and 55.

The Office action identifies mag-stripe card encoder 205 of Sloan as an "account identifier" corresponding to the "intermediary account", identified as encoding

dispensing machine 200. However, the account identifier of the present invention is not a physical device for reading and writing account information. The account identifier of the claimed invention corresponds to an intermediary account in a database coupled to the payment processor. Claim 48 as amended provides further context for the account identifier as follows: "conducting a payment transaction comprising *receiving* a payment together with *the account identifier from the end-user* at a point-of-sale". Mag-stripe card encoder 205 of Sloan, is not received from the end-user as part of a payment transaction, as required by claim 48. Mag-stripe card encoder 205 is included *in* encoding dispensing machine 200 of Sloan, and there is no suggestion in Sloan that mag-stripe card encoder 205 is used to identify encoding dispensing machine 200. *See* Sloan pg. 10, lines 9-10.

The mag-stripe cards of Sloan include information identifying the location of the utility customer, *i.e.* the end-user account. This information, which could arguably correspond to "a corresponding account identifier", is not however associated with any particular intermediary account, identified in the Office Action as the encoding dispensing machine 200. In Sloan, each card dispensing machine in a given region has information regarding each valid end user account, there is no card dispensing machine associated with any particular customer premise.

2. Sloan does not teach associating the intermediary account with an end-user's prepaid account as required by element () of claim 48.

The Office action contends that Sloan teaches "associating the intermediary account (200) with an end-user's prepaid account (300) that is maintained by a vendor (page 11, lines 26-29)." *See* Office action, pg. 5. The examiner has misread this section of Sloan because it only teaches having a dispensing station 200 maintained by a merchant, such as a 24 hours convenience store. *See* Sloan pg 11, lines 26-29.

3. Sloan does not teach validating a payment transaction as required by element (5) of claim 48.

Sloan also does not teach element 5 of claim 48. The system disclosed in Sloan teaches that when a new customer display device is installed at a customer site "the new account information is transmitted to the encoding machines 200" by the accounting computer 100. *See* Sloan, pg. 15, lines 5-11. Sloan does not teach having a central

payment processor validating transaction data, *i.e.* validating a purchase of additional prepaid goods or services, and transmitting a response to the point-of-sale terminal.

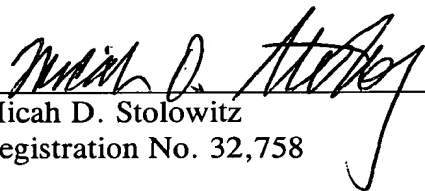
Sloan teaches a system in which the value of goods or services is actually stored on the card. In the present invention, the card, if one is used at all, merely contains an "account identifier" to identify a corresponding intermediary account in a database coupled to the payment processor. In the present invention the central payment processor validates a payment and credits the intermediary account corresponding to the account identifier. The value of goods or services purchased is not stored on a physical card that can be lost or stolen. In addition, the account identifier of the present invention need not include any information about the associated end-user's prepaid account thus eliminating any risk from a lost or stolen card.

Applicants believe that the application is now in condition for allowance and respectfully request the same.

Respectfully submitted,

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Version with Markings to Show Changes Made

In the Claims:

35. (Twice Amended) A system for effecting electronic payment for goods or services comprising:

a terminal located at a point-of-sale where monetary consideration is received from or on behalf of an end-user to pre-pay for selected goods or services; the terminal operable to exchange electronic messages with a financial network;

a financial network operable to exchange electronic messages with the point-of-sale terminal;

a payment processor including a database for storing a list of participating point-of-sale merchants and further including a database associating a plurality of intermediary account numbers with corresponding end-user account numbers; and

the payment processor operable to exchange electronic messages with the point-of-sale terminal via the financial network and including means for crediting an indicia of monetary value to a corresponding intermediary account stored in a database coupled to the payment processor in response to receiving a payment message from the point-of-sale terminal, and further including interface means for communicating at least a recharge transaction to a vendor to credit the ~~associated~~ end-user account associated with the corresponding intermediary account in response to crediting the corresponding intermediary account.

40. (Twice Amended) A method for effecting payment for telephone services comprising:

establishing an intermediary account having a corresponding account identifier; in a database coupled to a central payment processor, associating the intermediary account with an end-user's prepaid account maintained by a telecommunications vendor;

conducting a transaction comprising receiving a payment from the end-user at a point-of-sale together with the account identifier for loading value into the end-user's prepaid account;

electronically communicating data indicative of the transaction from the point-of-sale to at the central payment processor;

in the central payment processor, validating the transaction data and transmitting a response to the point-of-sale; and

in the central payment processor, if the validating step results in approval of the transaction, ~~crediting a monetary value to the corresponding intermediary account, and~~ sending a message to the telecommunications vendor for loading value into the end-user's associated prepaid account responsive to the payment transaction.

43. (Amended) A method according to claim 40 and further comprising designating an intermediary bank account and collecting an amount of money equal to the payment amount, subject to adjustment, from the point-of-sale merchant's bank account into the intermediary bank account by electronic funds transfer.

47. (Amended) A method according to claim 43 and further comprising settling the transaction by transferring an amount of money equal to the payment amount, subject to adjustment, from the intermediary bank account into the telecommunications vendor's bank account by electronic funds transfer.

48. (Twice Amended) A method for effecting payment for goods or services comprising:

providing a centralized payment processor;

establishing an intermediary account in a database that is coupled to ~~on~~ the payment processor, the intermediary account having a corresponding account identifier;

conducting a payment transaction comprising receiving a payment together with the account identifier from the end-user at a point-of-sale ~~together with the account identifier~~;

communicating data indicative of the payment transaction from the point-of-sale to the centralized payment processor via a financial network;

in the payment processor, validating the payment transaction data and transmitting a response to the point-of-sale, said response including an indication of approval if the validating step results in approval of the transaction; and

in the payment processor, if the validating step results in approval of the transaction, crediting an indicia of monetary value to the corresponding intermediary account in response to the payment transaction.

50. (Amended) A method according to claim 48 further comprising associating the intermediary account with an end user ~~pre-paid~~ account.

51. (Amended) A method according to 50 wherein the end user ~~pre-paid~~ account is a pre-paid cellular phone account.

52. (Amended) A method according to claim 50 wherein the end user's ~~pre-paid~~ account has an account number corresponding to a valid credit card account number.

53. (Amended) A method according to claim 52 wherein the valid credit card account number can be ~~used-presented~~ by the end user to purchase goods and services ~~in response to a payment transaction~~.

54. (Amended) A method according to claim 48 and further comprising designating an intermediary bank account and collecting an amount of money equal to the payment amount, subject to adjustment, from the point-of-sale merchant's bank account into the intermediary bank account by electronic funds transfer.

55. (Amended) A method according to claim 54 and further comprising settling the payment transaction by transferring an amount of money equal to the payment amount, subject to adjustment, from the intermediary bank account into the vendor's bank account by electronic funds transfer.